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C O N F I D E N T I A L SECTION 01 OF 03 SHANGHAI 000386

SIPDIS

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TAGS: CH ENRG GG IR PREL RS XD XE
SUBJECT: GEORGIA CRISIS TESTS SHANGHAI COOPERATION ORGANIZATION (SCO)
COHESION

REF: A. A: SHANGHAI 375
 1B. B: SHANGHAI 53

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REASON: 1.4 (b), (d)

1 (C) Summary: Several Shanghai scholars regard the Shanghai Cooperation Organization (SCO) annual summit's greatest success as maintaining solidarity among member states in the face of the Georgia crisis. Still, while SCO leaders are able to reach paper agreements on anti-terrorism, drug interdiction, and infrastructure building activities, implementation of these agreements languishes at the lower levels. The SCO has deferred the question of new members by allowing interested non-member states to apply for "dialogue partner" status. The SCO wants to raise its international profile and may make a concerted pitch for UN observership in the short term. One scholar argues that China would welcome the opportunity to work with the United States in Central Asia, and believes Afghanistan offers the best way forward. END SUMMARY.

(SBU) Poloff met with several local experts on the Shanghai Cooperation Organization (SCO), Central Asia, and international security in early September, to discuss the August 28 SCO summit meeting. The scholars included: Shen Dingli, Director, Center for American Studies, Fudan University; Zhao Huasheng, Director of the Center for Shanghai Cooperation Organization Studies, Fudan University; Shao Yuqun, Deputy Director of the Department of South Asia Studies, Shanghai Institute for International Studies (SIIS); and Pan Guang, Director of the Center of Shanghai Cooperation Organization Studies (COSCOS), Shanghai Academy of Social Sciences (SASS).

CRISIS IN GEORGIA

¶3. (C) The scholars confirm the crisis in Georgia occupied a

large part of the SCO summit agenda. Pan Guang alleges that SCO heads of state held a two-hour, closed door meeting -- as often takes place at the summit -- during which Russian President Dmitri Medvedev briefed his counterparts on the situation on the ground and solicited support for Moscow's position. While the SCO planned to address several regional issues, Zhao Huasheng claims that Russia actively tried to steer the group toward the Georgia conflict. Zhao agrees that it is natural for Russia to seek assistance from states that might be sympathetic to its situation. Moreover, Zhao continues, the crisis in Georgia undoubtedly has regional significance, given its proximity to Central Asia and Moscow's role in the matter. Still, the SCO should limit its involvement to the affairs of member states, and Georgia is not a member. Shao Yuqun concurs, arguing that U.S. and European Union (EU) backing of Georgia was an additional deterrent to SCO action.

¶4. (C) The summit's greatest success, Zhao concludes, was to maintain solidarity among member states and the organization's overall political direction. The final SCO joint statement, Shen Dingli points out, recognized Russia's legitimate interest in events on its periphery, but reiterated SCO member states' long-held principle of non-intervention in the affairs of other states. That the SCO avoided an overt break with Moscow over the Georgia crisis, and that moderate language backing this stance was incorporated into the joint statement, is a big victory, Zhao believes. Pan concurs, noting that "at least Russia got something" out of the document. Moscow obviously wanted more support for its stance but accepts the reality that member states cannot support what it has done, Pan observes (see reftel A). While acknowledging that other member states did their part as well, Zhao asserts that Beijing played a key role in drafting the final language for the joint declaration.

SHANGHAI 00000386 002 OF 003

¶5. (C) Pan argues that the SCO's partial repudiation of Russian actions in Georgia proves his earlier point (see reftel B) about the nature of the SCO, namely, that the organization will not allow a single member state to dictate its political direction. However, this is not an unadulterated victory, Pan admits, for the SCO cannot effectively operate in the absence of strong Sino-Russian bilateral relations. Russia still regards Central Asia as its backyard, Pan opines, but the crisis in Georgia has meant that even Uzbekistan no longer supports Russia.

TROUBLESONE CENTRAL ASIA?

¶6. (C) Shao laments that while SCO heads of state continue to reach "paper agreements" on anti-terrorism, drug interdiction, and infrastructure building activities, implementation of these agreements languishes at the lower levels. Shao places the blame squarely on the bureaucracies of Central Asian member states, which she termed variously as corrupt, unable to effectively implement SCO programs, or engaged in foot-dragging due to unspoken fears of China's expanding regional influence.

¶7. (C) Shao further notes there was some discussion among SCO watchers prior to the summit regarding Uzbek President Islam Karimov's attendance. Some reports had circulated that Karimov was ill and would be unable to attend, while other observers considered this a ruse intended to draw regional attention to Uzbekistan's occasional dissatisfaction with the SCO. Shao claims that Uzbekistan is a "problematic partner" that often likes to go its own way within the SCO.

DIALOGUE PARTNERS

¶8. (C) Pan believes the SCO successfully avoided the difficult question of responding to new states seeking SCO membership by introducing the concept of "dialogue partners." The SCO will allow non-member states to apply to become dialogue partners,

apparently a step above observer status, beginning next year. Pan admits the SCO has merely deferred the membership problem, which will surely surface again during next year's summit in Russia. According to Pan, by that time, the issue may be even harder to resolve, especially if Moscow changes its position on Iranian membership.

¶19. (C) Elaborating on the idea behind dialogue partners, Zhao describes the designation simply as a way for non-member states to get closer to the SCO. He agrees the new category allows the organization to preserve its cohesion, and sidestep admitting new members with unwieldy political baggage. Shao maintains that although the SCO is "not a Central Asian NATO," the group has consciously taken NATO's Partnership for Peace (PFP) as a template for creating the dialogue partner designation. Zhao admits he does not know what, in practice, a dialogue partner will be permitted to do, but notes that since observer states presently "just get a seat and observe," the presumption is that dialogue partners will have some say in SCO proceedings. Shao, on the other hand, is less confident that aspiring SCO members will be satisfied with dialogue partner status, but believes that those states accepted as dialogue partners will at least wait to see whether it represents a meaningful instrument for SCO engagement or is merely a holding pattern.

¶110. (C) Chinese President Hu Jintao's visit to Turkmenistan -- which is not an SCO member state -- prior to the SCO summit, was merely intended to strengthen bilateral relations, Zhao claims. Turkmenistan is not an SCO member, Zhao observes, because it fashions itself as a "Central Asian Switzerland," and interprets its neutrality as being prohibitive of its entry into regional collective groups, even those that are not military alliances. The SCO takes the view that Turkmenistan may become a member

SHANGHAI 00000386 003 OF 003

state if it later chooses. However, the issue is not a priority from the Chinese perspective, Zhao notes, since Beijing already maintains strong bilateral relations with Ashgabat.

UN OBSERVERSHIP?

¶111. (C) The SCO is interested in raising its international profile and may make a concerted pitch for UN observership in the short term. In Shao's experience -- as an SCO expert who occasionally travels outside China to attend international conferences -- even many well-informed observers have not heard of the SCO, and the SCO recognizes this. Shao cautions pursuit of UN observership should not be construed as the SCO seeking a global role. Rather, it would give the nascent organization more exposure to multilateral diplomacy, experience particularly useful to Central Asian diplomats, whose landlocked countries are "rather insular" in their global outlook. Pan, meanwhile, reports that SCO Secretary General Bolat Nurgaliev may give a short speech at the upcoming UN General Assembly (UNGA). It is unlikely he will mention Georgia, but will probably discuss Afghanistan and resource management issues.

ENERGY CARTEL PROPOSAL

¶112. (C) According to Pan, Russia continues to seek to establish a price-making entity within the SCO that would set member and non-member state prices for natural gas and oil, a move that Pan claims is at least backed by Uzbekistan. Shao, however, doubts the proposal can come to fruition in the short term, if at all. Central Asian states are generally reluctant to treat energy resources as a diplomatic weapon, as Russia does, observes Shao, while the volatility of energy markets counsels against such a move. According to Pan, the cartel proposal was not raised at this year's summit but is sure to surface again, perhaps at a future SCO Prime Ministers' meeting.

POTENTIAL U.S. COOPERATION

¶13. (C) Shao argues that China would welcome the opportunity to work with the United States in the region, and that Afghanistan offers the best way forward. U.S. efforts to counter the drug trade and build infrastructure dovetail with Beijing's and the SCO's desire to do the same. Pan, on the other hand, continues to advocate a Track Two approach for potential U.S. engagement with the region. Shen believes the summit's results certainly show that the SCO is not intended to act as a counterweight to NATO. The SCO, Shen asserts, "only makes enemies of non-state entities," that is, the SCO aims to take on those transnational problems, such as terrorism and drug smuggling, that member states face.

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